

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 L-03 CIAE-00 PM-05 INR-07 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
DODE-00 /065 W
-----015243 271137Z /12

P R 271019Z DEC 77
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC PRIORITY 7987
INFO COMICEDEFOR

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 1812

E.O. 11652: GDS
TAGS: MARR, IC
SUBJECT: REQUEST FOR INFORMATION ON STATUS OF US FORCES
AGREEMENTS AND INFRASTRUCTURE PROJECTS

REF: A) STATE 299466; B) REYKJAVIK 1768

1. SUMMARY: BJORN BJARNASON, DEPUTY SECRETARY GENERAL OF PRIME MINISTRY, MET WITH DCM (AS NOTED REF B) TO DISCUSS TYPES OF INFORMATION NEEDED BY PRIME MINISTER'S OFFICE TO COUNTER ARGUMENTS BY THOSE WHO FAVOR COMPENSATION FOR PRESENCE OF KEFLAVIK NATO BASE. OF SPECIAL CONCERN TO BJARNASON WAS AGRUMENT THAT EXTRA REVENUE COULD BE GENERATED FOR ICELAND BY REMOVAL OF "SPECIAL PRIVILEGES" OF BASE (E.G. TAX EXEMPTIONS, DUTY FREE IMPORTATION, ETC.). BJARNASON SAID THAT HE WOULD LIKE TO BE ABLE TO LAY TO REST ANY BELIEFS AMONG ICELANDERS THAT KEFLAVIK BASE ENJOYED ANY UNIQUE BENEFITS ABOVE AND BEYOND THOSE ENJOYED BY U.S. FACILITIES ELSEWHERE IN NATO. HE WAS ALSO INTERESTED IN OBTAINING ADDITIONAL INFORMATION ON SEVERAL SPECIFIC INFRASTRUCTURE PROJECTS IN ICELAND WHICH USG MAY HAVE EXAMINED AND SUBSEQUENTLY SHELVED OVER THE PAST TWO DECADES. BJARNASON NOTED THAT HIS RAISING THESE SUBJECTS WITH DCM WAS BEING DONE WITH FULL CONCURRENCE OF PRIME MINISTER AND FOREIGN MINISTRY.

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2. DCM NOTED TO BJARNASON AT BEGINNING OF DISCUSSION THAT EMBASSY HAD REQUESTED INFORMATION ON STATUS OF U.S. FORCES ELSEWHERE IN NATO AND THAT U.S. WAS MAKING "EVERY EFFORT" TO PROVIDE IT ON TIMELY BASIS. (REF A). BJARNASON EXPRESSED HIS APPRECIATION AND NOTED THAT COMPENSATION ISSUE LIKELY TO BE DISCUSSED FOR SOME

TIME TO COME. IT WAS THEREFORE NECESSARY FOR PRIME MINISTRY TO TAKE INITIATIVE IN LAYING TO REST NUMEROUS MISCONCEPTIONS AS SOON AS POSSIBLE. HE THEN PROCEEDED TO RAISE THREE SPECIFIC POINTS OR QUESTIONS CONCERNING STATUS OF FORCES AGREEMENTS ON WHICH HE WOULD APPRECIATE ADDITIONAL BACKGROUND INFORMATION.

A. PARAGRAPH 8 IN ARTICLE IX OF "STANDARD" NATO STATUS OF FORCES AGREEMENT (WHICH, BJARNASON SAID, APPEARS IN UNCLASSIFIED NATO PUBLICATION) STATES: "NEITHER A FORCE, NOR A CIVILIAN COMPONENT, NOR THE MEMBERS THEREOF, NOR THEIR DEPENDENTS, SHALL BY REASON OF THIS ARTICLE ENJOY ANY EXEMPTION FROM TAXES OR DUTIES RELATING TO PURCHASES AND SERVICES CHARGEABLE UNDER THE FISCAL REGULATIONS OF THE RECEIVING STATE." DOES OMISSION OF SUCH PROVISION IN THE 1951 U.S. - ICELANDIC DEFENSE AGREEMENT CONSTITUTE A SPECIAL EXCEPTION, OR DO OTHER U.S. STATUS OF FORCES AGREEMENTS ALSO OMIT THIS PROVISION?

B. ACCORDING TO BJARNASON, ANNEXES TO 1951 DEFENSE AGREEMENT MAKE NO REFERENCE TO EXEMPTING ANY U.S. MILITARY PERSONNEL OR DEPENDENT FROM ROAD TAXES. HOWEVER, "STANDARD" STATUS OF FORCES AGREEMENT (ARTICLE XI) MAKES DISTINCTION BETWEEN OFFICIAL AND PRIVATE VEHICLES (PARAGRAPH 2C. AND 6). WHY, DOES U.S. - ICELANDIC AGREEMENT OMIT SUCH PROVISION AND HOW DOES THIS COMPARE WITH TREATMENT ACCORDED U.S. FACILITIES

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AND PERSONNEL ELSEWHERE IN NATO?

C. ARE THERE ANY STANDARD PROVISIONS GOVERNING USE OF U.S. CURRENCY AT U.S. FACILITIES IN OTHER NATO COUNTRIES? (PERIODICALLY, CRITICS OF BASE ALLEGE IT IS SOURCE OF BLACK MARKET DOLLARS).

3. BJARNASON ALSO ASKED ABOUT SEVERAL PROJECTS IN ICELAND WHICH HE THOUGHT HAD BEEN ENVISAGED BY U.S.G. BUT WERE SUBSEQUENTLY SHELVED. HE FELT THAT SHOULD INTEREST IN SOME OR ALL OF THESE PROJECTS BE REVIVED (HE DID NOT SAY BY WHOM), PRIME MINISTER'S OFFICE SHOULD HAVE ADEQUATE UP-TO-DATE BACKGROUND INFORMATION OR STATUS REPORT ON EXTENT OF USG INTEREST ON HAND. PROJECTS AND RELATED QUESTIONS WERE:

A. CONSTRUCTION OF A NEW HARBOR IN NJARDVIK WHICH DEFENSE FORCE (IDF) HAD APPARENTLY CONSIDERED NECESSARY IN EARLY 1950'S. IS SUCH A FACILITY STILL WORTH CONSIDERING?

B. U.S. CORPS OF ENGINEERS ALLEGEDLY MADE OFFER A NUMBER OF YEARS AGO TO BUILD NEW ROAD FROM REYKJAVIK AND KEFLAVIK BUT PROJECT WAS SUBSEQUENTLY DROPPED. WHY?

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C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 1812

C. U.S.G. HAD REPORTEDLY CONSIDERED IT NECESSARY
SEVERAL YEARS AGO TO CONSTRUCT HARD SURFACE ROAD
BETWEEN KEFLAVIK AND NATO PETROLEUM FACILITIES AT
HVALFJORDUR AND TO ASSIST IN THE CONSTRUCTION COSTS.
WOULD THE U.S.G. STILL WISH TO ASSIST IN SUCH AN
UNDERTAKING?

D. WERE THERE EVER ANY PLANS TO BUILD A SEPARATE
ADDITIONAL AIRFIELD FOR DEFENSE-RELATED PURPOSES EITHER
IN NORTHEASTERN ICELAND OR IN THE SOUTHERN PART OF THE
COUNTRY?

ACTION REQUESTED:

4. SINCE BJARNASON RAISED HIS POINTS WITH BLESSINGS OF
PRIME MINISTER AND FOREIGN MINISTRY, EMBASSY
WOULD APPRECIATE EARLY RESPONSE TO REF B AS WELL AS
TO SPECIFIC QUESTIONS LISTED IN PARA 2 ABOVE ON U.S.
STATUS OF FORCES AGREEMENTS ELSEWHERE IN NATO.

5. EMBASSY WOULD APPRECIATE ANY INFORMATION WHICH
DEPARTMENT CAN PROVIDE CONCERNING BJARNASON'S QUESTIONS
ON PROJECTS DISCUSSED IN PARA 3 OF THIS CABLE. EMBASSY
WILL ALSO CONSULT WITH COMICEDEFOR TO DETERMINE WHAT
PERTINENT MATERIALS ARE AVAILABLE AT THIS END WHICH
MIGHT BE USEFUL IN ADDRESSING THESE QUESTIONS. EVEN
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IF ALL REQUESTED INFORMATION IS NOT READILY AVAILABLE,
EMBASSY HOPES INTERIM ANSWERS CAN BE PROVIDED
SOONEST IN ORDER THAT WE CAN APPEAR TO BE FORTHCOMING
IN RESPONDING TO PRIME MINISTER'S INTEREST IN THESE ITEMS.

6. COMMENT: BJARNASON PRESENTED HIS REQUEST FOR
BACKGROUND MATERIALS ON FOUR PROJECTS MENTIONED IN PARA
3 IN CONTEXT OF DISCUSSION DEVOTED TO TYPES OF INFORMA-
TION NEEDED BY PRIME MINISTER'S OFFICE TO COUNTER ARGU-
MENTS PUT FORWARD BY PRO-COMPENSATION ELEMENTS. HOWEVER,
IT IS POSSIBLE THAT GOI MAY BE CONSIDERING REVIVING
THESE PROJECTS AT SOME FUTURE DATE, ESPECIALLY IN EVEN
THAT U.S.G. STILL REGARDED THEM AS "DEFENSE RELATED"
AND WAS THUS WILLING TO PROVIDE SOME FINANCIAL
ASSISTANCE. PROSPECT OF JOINT U.S.-ICELANDIC COOPERA-
TION IN SUCH UNDERTAKINGS OF MUTUAL INTEREST MIGHT HAVE
CONSIDERABLE APPEAL AMONG PM'S SUPPORTERS AS POTENTIALLY
EFFECTIVE COUNTERWEIGHT TO DEMANDS OF "ARONISTS".
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